

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
INTERIM GENERAL MANAGER



DATE: APRIL 21, 2011

OUTREACH CONSULTANT SCOPE AMENDMENT FOR SUPPLEMENTAL WATER PROJECT

ITEM

Supplemental Water Project Outreach Program Review Revised Scope of Work
[RECOMMENDATION: REVIEW OUTREACH SCHEDULE AND SCOPE OF WORK, BY
MOTION APPROVE SCOPE OF WORK AND BUDGET]

BACKGROUND

On March 23, 2010, your Board approved a contract with True North/Tramutola/Terrain with a not to exceed amount of \$76,000. The contract and scope included polling, a four-month outreach effort and other related work to assist the District with building awareness and support of the District's supplemental water project.

A telephone poll of the community was conducted in March 2011. Initial results from the polling indicate there is not awareness of the area-wide need for supplemental water, and in turn the community is not currently highly supportive of a local supplemental water revenue measure. The summary of polling results is scheduled for review at the May 11, 2011 regular meeting of your Board.

On April 13, 2011, your Board received a presentation from the outreach consultant with a recommended schedule and scope amendment designed to raise community awareness over the coming months and lead to a successful project. Your Board activated an Ad-Hoc committee and tasked the committee with conducting a detailed review of the proposal. President Harrison appointed Directors Winn and Eby as co-chairpersons of the Committee.

The Committee met with the Outreach Consultant a number of times to review the proposal and outreach recommendations going forward.

The Committee is recommending a public outreach effort take place through July 2011. In August, research will be conducted to measure the impacts of the preliminary outreach and your Board would consider next steps based on research results.

FISCAL IMPACT

The Committee is recommending \$107,600 budget to support this effort. The funds would be used to fund Outreach Tools, Research, and Consulting Staff Services. There is a \$32,721 balance in current outreach contract. Applying this balance results in a proposed contract extension of \$74,879.

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April 27, 2011

To date, the District has spent \$3.1 million evaluating the need for, designing, and planning a supplemental water project. These costs are paid for by supplemental water charges and Certificates of Participation.

RECOMMENDATION

Staff recommends that your Board, by motion, approve scope of work and budget.

ATTACHMENTS

None

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TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
INTERIM GENERAL MANAGER
DATE: APRIL 21, 2011



**HEARING TO ADOPT AN ORDINANCE
REVISING DISTRICT METHODOLOGY FOR CALCULATING
PRIVATE FIRE CAPACITY CHARGE**

ITEM

Conduct a Hearing to Adopt an Ordinance Revising District Methodology for Calculating Private Fire Capacity Charge [BY MOTION AND ROLL CALL VOTE ADOPT ORDINANCE]

BACKGROUND

On March 9, 2011, your Board considered public testimony regarding the financial hardship placed on commercial development for payment of private fire capacity charges and alternate methodologies of calculating the charge. Your Board directed staff to research the basis for current fee structure and options for private fire service charge modification.

Private fire capacity charges are typically incurred by commercial developments that are required by fire authorities to have sprinkler systems and on-site fire hydrants. The capital and operating costs of the District's water system are significantly impacted by the over-sizing of water system infrastructure required to provide increased fire flow for private commercial fire protection systems.

The District first enacted a capacity charge for private fire service through Ordinance 97-86, adopted on June 4, 1997. Ordinance 97-86 established the private fire service capacity charge at 25% of the water capacity charge. The capacity charge was supported by the April 30, 1996 *Water & Sewer Comprehensive Financial Plan*, which recommended a 50% portioned charge.

The District's December 2002 *Water and Wastewater Rate Study Update* affirmed the 25% capacity charge ratio. On January 8, 2003, your Board adopted Ordinance 2003-95 and reaffirmed private fire capacity charge at 25% of the water capacity charge.

On April 13, 2005, your Board received and filed *Water and Wastewater Rate Study Update* and on April 27, 2005, your Board adopted Ordinance 2005-101. The Ordinance established the capacity charge portion of the District connection charge would include a supplemental water charge.

On April 13, 2011, your Board considered a draft Ordinance setting the private fire capacity charge at 12.5% of water capacity charge and directed staff to schedule an adoption hearing.

FISCAL IMPACT

Unbudgeted staff and counsel time was used to prepare these materials.

A downward charge revision will negatively affect the District's ability to collect charges and fund supplemental water efforts. The District has collected private fire charges since 2000. The supplemental water portion of the charge has significantly offset District expenditures related to the supplemental water project.

The recommended change would lower by 50% the amount of future revenue generated by these charges. The District's water capacity charge schedule (Resolution 2008-1102) is attached.

RECOMMENDATION

By motion and roll call vote, Adopt Ordinance.

ATTACHMENT

- District Water Capacity Charges (Resolution 2008-1102)
- Proposed Private Fire Charge Ordinance

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Resolution 2008-1102
 A RESOLUTION OF THE BOARD OF DIRECTORS
 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
 AMENDING APPENDIX A TO CHAPTER 3.04 OF THE
 NIPOMO COMMUNITY SERVICES CODE TO
 ESTABLISH NEW TOWN AND BLACKLAKE WATER DIVISION CAPACITY CHARGES

WATER CAPACITY CHARGES

METER SIZE	Effective date July 1, 2008	Effective date Nov 10, 2008	Effective date July 1, 2009	Effective date July 1, 2010
1 Inch or less*	\$2,800.00	\$3,022.00	\$3,124.00	\$3,192
Supplemental Water*	\$12,452.00	\$13,404.00	\$13,858.00	\$14,160
1 ½ Inch*	\$8,392.00	\$9,065.00	\$9,372.00	\$9,577
Supplemental Water*	\$37,320.00	\$40,211.00	\$41,573.00	\$42,479
2 Inch*	\$13,432.00	\$14,503.00	\$14,994.00	\$15,321
Supplemental Water*	\$59,735.00	\$64,337.00	\$66,516.00	\$67,966
3 Inch*	\$25,200.00	\$27,194.00	\$28,115.00	\$28,728
Supplemental Water*	\$112,071.00	\$120,632.00	\$124,719.00	\$127,436
4 Inch*	\$42,009.00	\$45,323.00	\$46,858.00	\$47,879
Supplemental Water*	\$186,823.00	\$201,054.00	\$207,866.00	\$212,393
6 Inch*	\$83,993.00	\$90,646.00	\$93,717.00	\$95,758
Supplemental Water*	\$373,534.00	\$402,108.00	\$415,731.00	\$424,787

Standard Schedule for Meter Fees and Account Fees are established as follows:

Meter Size	Meter Fee	Account Fee
1 Inch or Less	\$275.00	\$10.00
1 ½ Inch	\$555.00	\$10.00
2 Inch	\$615.00	\$10.00
3 Inch or larger	At Cost	\$10.00

* **Annual Adjustment.** Commencing July 1, 2009, and each fiscal year thereafter, the capacity charge shall be increased to reflect the estimated increase in the costs of the construction of District facilities. The determination of whether there has been an increase in costs and the estimated amount of the increase in costs shall be determined by the percentage increase in the 20-Cities Construction Cost Index published by the Engineering News Record using the July, 2008, value of eight thousand two hundred ninety-three (8,293) as the basis and the Index value for May of each year to calculate the increase.

Index value for May 2010 is 8,761

ORDINANCE NO. 2011-XXXX

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AMENDING AND RESTATING SECTION 3.04.140 OF TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT CODE TO ESTABLISH NEW PROCEDURES FOR PROCESSING AND CALCULATING PRIVATE FIRE CAPACITY CHARGES

WHEREAS, The Nipomo Community Services District (District) on March 9, 2011, and on March 23, 2011, received public testimony, as part of the District's scheduled Agenda, requesting the District to reduce its private fire capacity charges, and;

WHEREAS, the District's private fire capacity charges are currently calculated at twenty-five percent of the regular water capacity charges (Buy-in and Supplemental Water Capacity Charges) as established in Appendix A to Chapter 3.04 of the District's code as recommended in a 2002 Study titled "Water and Waste Water Rate Study Update," and;

WHEREAS, based upon the Staff Reports, this Ordinance, Staff Presentations, including Staff Reports, Staff Presentations and public testimony received on March 9, 2011 and March 23, 2011, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act);
- B. The revised method for calculating private fire capacity charges adopted by this Ordinance establishes a reduction in previously adopted charges and, therefore, the revised methodology will not create charges that exceed the cost attributable to providing the service.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Nipomo Community Services District as follows:

Section 1 Authority

This Ordinance is enacted pursuant to Government Code Sections 61100(a), and 61060(a) and (b).

Section 2 Section 3.04.140 of the District Code is Amended and Restated as follows :

3.04.140 - Public and private fire service

A. Public Fire Service

The District may provide fire hydrants and supply water for fire protection use to any other district, public agency or municipality located within the District under such terms and conditions as may be mutually acceptable to the District and the agency.

B. Private Fire Service

- 1. The District may grant applications for private fire service connections for sprinkler service

and/or private fire hydrants, provided the Applicant enters into a Plan Check and Inspection Agreement that includes the following conditions, which shall be the responsibility of the Applicant.

- a) The Applicant submits plans and specifications, prepared by a registered Civil Engineer (wet stamped) for District approval demonstrating that the proposed private fire service connection meets or exceeds District standards and specifications and the fire flow requirements established by Cal Fire and;
- b) As a condition to providing water service (regular water service and private fire protection water service), the Applicant shall submit to the District for District approval an Engineer's certification (wet stamped) that the private fire protection water service was constructed in accordance with District-approved plans and specifications and the fire flow requirements established by Cal Fire.

2. Monthly charges for private fire service shall be as follows:

Meter Size	Monthly Charge
3"	\$5.00
4"	6.00
6"	9.00
8"	12.50
10"	15.00

Water used for fire suppression shall be furnished without charge.

3. The capacity charge for private fire service shall be twelve and one-half percent (12.5 %) of the water capacity charges established by Appendix A to this chapter.

Section 3 Recitals and Findings

The Recitals and reference Staff Reports, Staff Presentations and Public Testimony are incorporated herein by reference and constitute further findings in support of amending Section 3.04.140 of the District's Code.

Section 4 Effect of Repeal on Past Actions and Obligations

This Ordinance does not affect prosecutions for Ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee, charge or penalty due and unpaid on the effective date of this Ordinance, and does not affect the validity of any bond or cash deposit posted, filed or deposited pursuant to the requirements of any District Ordinances.

Section 5 CEQA Findings

The Board of Directors of the District finds that the revisions of the policies and procedures adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b) (2) because such amendments constitute general policy and procedure making. The Board of Directors further finds that the adoption of the rules and regulations established by this Ordinance is not a project as defined in CEQA Guideline Section 15378, because it can be seen with certainty that the revisions will not result in either a direct physical change in the environment, nor is there a reasonable indirect physical change in the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 6 Severance Clause

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 7 Effect of Headings in Ordinance

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 8 Effective Date

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in the Santa Maria Times.

Introduced at its regular meeting of the Board of Directors held on _____, 2011, and passed and adopted by the Board of Directors of the Nipomo Community Services District on the ____ day of _____, 2011, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

James Harrison, President
Nipomo Community Services District Board of
Directors

ATTEST:

APPROVED AS TO FORM:

MICHAEL LEBRUN
Interim General Manager and
Secretary to the Board

JON S. SEITZ
District Legal Counsel

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
INTERIM GENERAL MANAGER

AGENDA ITEM
E-3
APRIL 27, 2011

DATE: APRIL 21, 2011

SCHEDULE FOR WATER RATE STUDY AND IMPLEMENTATION

ITEM

Consider Schedule for Water Rate Study and Rate Schedule Implementation
[RECOMMENDATION: BY MOTION APPROVE STUDY AND SCHEDULE IMPLEMENTATION]

BACKGROUND

The District's last water rate increase became effective on January 1, 2009. In the fall of 2009 and 2010, your Board considered water rate studies and rate schedules. In both instances, your Board decided to delay any rate increases.

On March 23, 2011, your Board directed staff to review the process for conducting a water rate study and return to the Board as quickly as possible with a schedule for reviewing water rates and implementing a rate schedule.

On April 13, 2011, staff outlined a schedule for updating the most recent District water rate study. Your Board activated an Ad Hoc Committee to review the supplemental water project outreach schedule and directed the Committee to develop a recommendation for a water rate study and schedule which would integrate with the outreach effort.

The Ad Hoc Committee met on numerous occasions and discussed both project schedules. The Committee is recommending a water rate study be considered by your Board in July 2011 and any resultant rate schedule become effective November 1, 2011.

Overview of recommended rate study process:

- July 2011, review and adopt Rate Study and Rate Notice
- August – September 2011, conduct 45-day protest hearing
- October 2011, conclude protest hearing and adopt Rate Schedule
- November 1, 2011, implement Rate Schedule.

The Ad-Hoc Committee further recommends the rate study consider only the current and immediate operation and maintenance needs of the Water Fund without consideration for increases which may occur with the implementation of a supplemental water project.

FISCAL IMPACT

The Water Fund is the District's largest fund and accounts for approximately 40% of the District's total revenue. In the draft fiscal 2011/2012 budget Water Fund expenditures are projected to exceed revenues by \$500,000.

Staff contacted Rate consultant Clayton Tuckfield and confirmed they can support the proposed schedule. Staff will return to your Board with a budget proposal for Tuckfield's services at a future meeting.

AGENDA ITEM E-1
April 27, 2011

RECOMMENDATION

Staff recommends that your Board, by motion, approve schedule and implementation.

ATTACHMENTS

None

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